

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN**

June 2, 2003

**Immediately following
Committee on Finance**

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard,
O’Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Messrs: Kevin Clougherty, Randy Sherman

Mayor Baines addressed Item 3 of the agenda:

Report(s) of the Committee on Finance, if available, regarding Appropriating Resolutions.

Deputy City Clerk Johnson advised there were a couple of reports to be submitted.

A report of the Committee on Finance was presented recommending that Resolutions:

“Amending a Resolution approving the Community Improvement Program for 2004, raising and appropriating monies therefore and authorizing implementation of said program as further amended.”

“A Resolution appropriating to the Manchester Aggregation Program the sum of \$820,634 from aggregation fees for the fiscal year 2004.”

“A Resolution appropriating to the Manchester Transit Authority the sum of \$850,000 for the Fiscal Year 2004.”

ought to pass and layover.

On motion of Alderman Shea, duly seconded by Alderman Smith, it was voted to accept, receive and adopt the report as presented.

A second report of the Committee on Finance was presented recommending that Resolution:

“ ‘Raising monies and making appropriations for the Fiscal Year 2004’ as amended to \$106,506,576.”

ought to pass and layover.

On motion of Alderman Lopez, duly seconded by Alderman DeVries, it was voted to accept, receive and adopt the report as presented. Aldermen Wihby, Gatsas and Guinta were duly recorded in opposition.

Deputy City Clerk Johnson stated Your Honor at this point I just want to note though we're not still in Finance, I did forget to note that Alderman Wihby, Alderman Gatsas and Alderman Guinta were also recorded as opposed to the amendment to this Resolution at the Finance level. The Clerk has to note of that, but it didn't come out in public. They had their hands up and they asked to be recorded. The next is...

Alderman O'Neil asked Your Honor can I ask a question? Do my colleagues from Wards 1, 2 and 3 have any specific suggestions on how to address this?

Alderman Wihby replied I think we already suggested twice. Going with the Mayor's number and living within our means. Not using the \$1.6 million one-time charge, not using the \$700,000 school funding shortfall, not selling property of \$1 million that we know we're not going to sell by October, not depleting the new tax stabilization act, which I said at the time when we passed this four months ago why are we doing this because you're the first chance we have when we have a problem we're going to deplete it and that's what we're doing, not trying to get to the rainy day fund by increasing revenue, and we should live within our means, take hit now, and next year instead of saying well all the other cities and towns had it last year, next year we can sit there and say well we took care of our problem last year now we can really run the City and start moving forward. That's how I would address it.

Alderman O'Neil stated and I think this might be a fair question Alderman Wihby, you've talked about living within our means. What does that mean? Does that mean closing fire stations and are you suggesting that Webster Street fire station might be appropriate to close to live within our means?

Alderman Wihby replied Mr. Chairman you know that we heard and you've been here almost as long as I have, and the first thing that we hear from people is we're going to close this, we're going to close that, we're going not have books, we're not going to have Police officers on the street, and somehow we don't give them all of their money and somehow they have enough to still come forward and ask for additional people during that year. So they could live within their means, I'm not saying we can't make some adjustments, but they can live within their means and we could get this budget down to a 2 or 3 percent very easily.

Alderman Shea asked is Alderman Wihby suggesting that we not fund Livingston Park to live within our means too?

Alderman Wihby responded Alderman Shea that was a bonded issue. It's no different than funding three of four million dollars that we're funding Memorial Field. Let's take them both out if that's what you want to do. Let's not play the game. I'm not suggesting cutting stuff that's bonded or CIP, I didn't vote against CIP, that's in CIP. Let's not look...and try to be a conservative when we're voting for an 8.25 percent increase. We're not fooling anybody. In October you're going to sit here and everybody that votes against this budget is going to say we told you so.

Alderman Shea stated well in the past we have raised revenues according to the budgets that you've submitted. Wouldn't you agree with that Alderman Wihby?

Alderman Wihby responded we have raised revenues and I was forced to make votes before we raised those revenues. We were forced to look to selling property and getting on the record, we were forced to raise...to have meetings in Traffic two minutes before a budget just to say that yes we did pass that, not to say well we're going to try to do it later.

Alderman Shea stated I would like you tomorrow or next week come in with specific deductions on where you would reduce the spending. In other words if you feel that \$600,000 isn't appropriate or if you feel that we shouldn't...the Highway shouldn't be funded or if you feel that the other people...because that's really where we're adding appropriations. So if you feel that those are not necessary, then come in with them and tell us how and then we'll have the department heads come and say how they can run the departments or can't run it.

Alderman Guinta stated I think the Mayor proposed one today in consolidation. Let's run with consolidation. I think most people here are in favor of consolidation. I think 23 or 29 departments that we have is probably too excessive.

Alderman Shea replied well then if you want to come back...consolidations and which department could consolidate and how much we're going to save by consolidating and which areas where we consolidate. I'd be very happy to listen to that. I know that last week I asked you for a proposals for what you were saying and you agree with me, but I haven't seen any of those yet, so I'm waiting for those too.

Deputy Clerk Johnson presented the final report of the Committee:

A report of the Committee on Finance was presented recommending that a Resolution establishing boundaries and assessment for the CBSD:

“Continuation of the central Business Service District”

ought to pass and lay over.

On motion of Alderman Lopez, duly seconded by Alderman Osborne, it was voted to accept, receive and adopt the report of the Committee as presented.

Deputy City Clerk Johnson stated Your Honor related to that last report there was some discussion in the Finance Committee as to whether or not the Board wanted to request the CBSD to review the district and report back. I guess at this time that would be an appropriate...if you want a motion to that effect.

Mayor Baines asked could you repeat that once again?

Deputy City Clerk Johnson replied it is my understanding that there is some desire of the Board to request the Central Business Service District Advisory Board to review this Central Business Service District and report back to the Board of Mayor and Aldermen.

Mayor Baines stated that's what I wanted you to make sure.

On motion of Alderman Guinta, duly seconded by Alderman Sysyn, it was voted that the Board request the Central Business Service District Advisory Committee to review the Central Business Service District boundaries and report back to the Board of Mayor and Aldermen.

TABLED ITEM

Report of the Committee on Finance recommending that Appropriating Resolution:

“A Resolution appropriating to the Manchester School District the sum of \$127,075,275 for the Fiscal Year 2004.”

ought to pass and layover with no amendments.

On motion of Alderman Thibault, duly seconded by Alderman DeVries, it was voted to remove this item from the table.

Alderman Smith moved that the Resolution ought to pass and layover. Alderman Thibault duly seconded the motion.

Alderman Gatsas stated I think with this Board knowing that there could be a shortfall of \$735,000 to the School Department, I think it's irresponsible for us to be voting a budget that's going to create a shortfall. I think it's been very clear, the Governor made the statements during his election process not to expect any more money than what was appropriated in 2003. With that in mind, and knowing that that's what we should be looking at, we're passing a budget on the schools that's going to leave the roughly \$700,000 short. I think that's irresponsible for this Board to do.

Mayor Baines stated I think it would be irresponsible for the legislature to pass a bill that does not meet its obligation and if that is being impacted it is going to be the fault of the legislature in not meeting the obligation that it made to the cities and towns.

Alderman Shea asked may I ask Alderman Gatsas a question Your Honor? At the State level are they using the rainy day fund to reduce the taxes?

Alderman Gatsas answered they're using the rainy day fund to cover the shortfall of the 2002 – 2003 budget. They're using the rainy day fund to cover the shortfall of revenue in the current budget that we're in.

Alderman Shea stated so that they are using the rainy day fund in Concord Alderman.

Alderman Gatsas stated let me try and be a little clear so that you understand. The rainy day fund is being used at the State level for the shortfall of revenue in the current budget that we're in.

Alderman Shea stated okay I asked Kevin before about using the rainy day fund for revenue shortfall and he said he couldn't say yes or no, he said something else. Is that correct Kevin?

Kevin Clougherty replied Alderman I think the point that Alderman Gatsas is making is that the use of the rainy day fund is based on the year end experience. It's not something that's a calculation at the beginning of the fiscal year, and it's not something that's budgeted, so to speak, it's use is the result of a downturn in the economy, which is exactly...you know the State is using the rainy day fund exactly as I should, and that's exactly how we would use ours in the eventuality that the revenue...

Alderman Shea stated that's my point Your Honor is, in the event that we have to use the rainy day fund for revenues that we don't realize, we can use it. That's the point I tried to raise before and you're saying in essence we can use it?

Mr. Clougherty replied yes, but I just don't want you to be confused...

Alderman Shea responded no, I'm not confused at all, I'm just trying to parlay what they're doing at the State level because of they are aren't meeting revenues and if we have to do the same thing at the City level...now does that affect your bond rating up at the State level, Alderman Gatsas?

Alderman Gatsas answered no it does not affect bond rating, however, if you are arbitrarily inflating revenues, inflating revenues, that will affect your bond rating and you will have a problem trying to affect your rainy day fund to go after inflated revenues because DRA won't approve those inflated revenues.

Alderman O'Neil stated I think we need to be clear that my understanding in the additional revenues is actually changing fees in some of the departments. So I think they are realistic revenues and I know I spoke to two departments myself today, and they were actually not uncomfortable with what we talked about as long as the fees were changed those numbers are realistic. So I don't think we're grabbing at pie in the sky. I think those revenues are realistic. We need to change some fee structures that probably are long overdue. Thank you.

Alderman Guinta stated some of the fee structures we've just changed this year and just because a department they are okay with it doesn't mean that the policy decision that rest with this Board is going to agree with it. So we should be extremely realistic and responsible in looking at some of the adjustments. If there's an adjustment that's reasonable and makes sense, it probably would have come to this Board already. It really...I mean I suspect that the Mayor would have found it. So I don't want to discuss Alderman Lopez's work because it was hard work, I just have a fundamental policy disagreement with him regarding revenue increasing is the answer to a fiscal problem. And there's a reason that the State of New Hampshire is tapping the rainy day fund. Revenue projections were short. Let's learn that lesson. Let's not set a projection that we can't meet, so we don't have to be in that situation.

Mayor Baines stated Alderman if I could just say we will not do that because the two people that need to sign off on that when we go to DRA are the Finance Officer and I don't sign anything until he tells me it's okay to sign off. The revenues that are projected...I am not ready to support the revenues that came in tonight until we've had a chance to do our study of them and come back at the next meeting, next Monday or Tuesday and say yes, these are attainable. So I agree...I'm not on a different wavelength with you on that issue.

Alderman Guinta asked follow up Your Honor? However, you're not taking into consideration that the Board would have to then vote on each and every one of those fee increases. What you're saying is it feasibly possible if the Board raises each and every one of those fees. I'm not comfortable that this Board would raise each and every, to the tune of \$2 million.

Mayor Baines responded that's fair.

Alderman Lopez stated unfortunately or fortunate, one or the other, we approved the design and build, but Randy Sherman, I wonder if you can tell me if the \$734,000 or \$735,000 whatever you want to call it, round it off in numbers. How would that affect the School Department if we took that out of there? In reference to design and build?

Randy Sherman replied as part of the design/build the School Department did offer to contribute some dollars towards the debt service next year, if you recall. And I think off hand, I think it was somewhere in the \$200,000 range that they had contributed. In addition

to that, additional debt service has already been pushed over to the School Board even since that vote as we've done Memorial and done all of those bond balances that we've moved around. As you move money into school projects, the school now has to pick up the debt service on those outstanding bonds. So they are also looking at picking up those costs as well.

Alderman Lopez stated and that's the point that I want to make. It was this Board that made the policy to go with design and build and increase moving the Memorial school field to be completed. So I'd like to move the...

Mayor Baines stated okay we are going to call the question, is that it ought to pass and layover.

Alderman Wihby asked can I just explain something?

Mayor Baines replied sure.

Alderman Wihby stated when we talk about the \$700,000 shortfall and schools, we're not talking about it coming out of their budget, that money comes through the general fund. It goes to the general fund, so they would still get their total appropriation.

Mayor Baines stated not under what I think Alderman...I don't want to speak for Alderman Gatsas, but I'm not sure what he's exactly saying. Mr. Clougherty will clarify.

Mr. Clougherty stated Alderman whatever we get from...if you make an appropriation of \$127 million, that's what the appropriation is, and that appropriation assumes a certain amount of revenue is going to be available to offset some of that expenditure and the amount of the assumption is \$44 million and you only get \$43 million. Then that \$1 million has got to be made up either through reductions in spending on the School side, which again you only appropriate them a bottom line, then you would have to comfortable that there was some type of an agreement where they would give you a fund balance to offset that, before we set the tax rate, or it will be raised in taxes.

Alderman Wihby asked so we're back in the same situation. We're going to give them a number now. We're not going to know what's going to happen in October, and if that...we're probably going to know within a week what the School funding number is going to be if the budget's passed on the State level, but that \$700,000 we can't say well we're going to take it back in October, they're not going to spend it. That's affecting our City budget, our tax rate that we're setting and if they cut the \$700,000 and then you go to the Schools and you say you want \$700,000 or cut your budget, they can tell you like they did before. No. That was the whole argument that we had with them, that was when we send them a directive and they say well we can't send them a directive and we took it to court. So

the number is the number. Whatever we give to them today or tomorrow or when we pass this budget, that's their number and they can every dollar of that no matter what the State gives them.

Mayor Baines stated that's true.

Alderman Lopez stated I just want to make one point too Alderman Wihby, they have been very cooperative and if we cut any of their budget...we've got to remember, they picked up \$1 million on that side and they're holding it over there for at the end of the close out year to pay \$1 million debt on this side, so keep that in mind.

Alderman Wihby responded we already counted that in the budget.

Mayor Baines stated well we're dealing with that.

There being no further discussion, Mayor Baines called for a vote on the motion that the Resolution ought to pass and lay over. The motion carried with Aldermen Wihby, Gatsas, and Guinta duly recorded in opposition.

There being no further business to come before the Board, on motion of Alderman Smith, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

City Clerk